



Representation to the Greater  
Manchester Spatial Framework:

# **Consultation response from the Housing the Powerhouse Campaign**

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## Overview

This document is the response from the Housing the Powerhouse Coalition to the third round of consultation on the Greater Manchester Spatial Framework (GMSF). Members of the Housing the Powerhouse Steering Group have also submitted individual responses to the consultation. Our membership comprises a number of the UK's largest house-builders, developers and investors.

The Housing the Powerhouse campaign was established in 2015 to support the GMCA in the development of an ambitious and achievable strategy to drive development and support growth in Greater Manchester for the next 20 years. The campaign was established by an unprecedented coalition of homebuilders, developers and investors and is backed by the Greater Manchester Chamber of Commerce, the Home Builders Federation and a range of trade bodies and representative organisations.

After consideration, and assisted by a range of planning and economic experts who are both members of and advisors to the campaign, the view of the campaign on the draft GMSF document can be summarised as follows:

- We welcome the creation of a Greater Manchester Spatial Framework (GMSF)
- The economic growth embedded within GMSF is unambitious – it will fail to deliver GM's own wider objectives and the aims of Northern Powerhouse
- There is also a mismatch between the planned number of homes and jobs
- Draft GMSF falls short of "objectively assessing housing need"
- Draft GMSF side-steps the question of affordable housing need
- There is inadequate provision of larger family homes in the right locations
- We have concerns over the approach to infrastructure
- We have concerns over how GMSF is being prepared
- We request greater ambition and engagement
- We ask that the GMCA moves positively beyond the starting point that is the Draft GMSF

The campaign's comments are set out below and are ordered underneath correspondence headings. The comments relate principally to the following Draft GMSF Policy GM5 but also impact significantly on Policies GM1 and GM13. Our comments also relate to the associated background papers dealing with housing and economic matters, including the GM Strategic Housing Market Assessment.

Finally, we also wish to note that the GMSF needs to include provision for further Green Belt adjustments through the individual local plans of the GM authorities, following the adoption of the GMSF, should this be required.

### **1. We welcome the creation of a Greater Manchester Spatial Framework (GMSF)**

The GMSF represents an unprecedented opportunity for Greater Manchester to set out an ambitious vision for growth over the next 20 years. As outlined in submissions to previous consultations, as leaders in the Manchester planning industry, we welcome the progress of the GMSF and the acknowledgement it includes that a review of the Green Belt is needed to enable Greater Manchester to grow sustainably.

However, the GMSF will only deliver on this ambition if it establishes growth targets beyond those achieved in the past. If Greater Manchester is to underpin the Northern Powerhouse, driving growth and reducing national inequalities as envisaged by the Government, the GMSF must be more pro-active in supporting economic growth and provide a clear vision for boosting housing provision to service a new, highly skilled workforce.

## 2. Insufficiently ambitious economic growth

As outlined in our responses to previous consultations, we are concerned that the GMSF as it stands is disconnected with Greater Manchester's needs and growth objectives. Greater Manchester is England's second largest economic area and a leading player in the Northern Powerhouse and devolution agendas.

It is a potential economic powerhouse but it has long been recognised that the city region "*punches below its weight*"<sup>1</sup>. Under initiatives to build a Northern Powerhouse central and local government have a shared aim: "*to transform Northern growth...*"<sup>2</sup>. That transformation means that "*rather than forecast the future from current trends we aim to change that future*"<sup>3</sup>. To achieve this, it is recognised that each city region must "*perform to its maximum*"<sup>4</sup>. The GMSF is a once in a generation opportunity to deliver this transformational change but the Draft misses the opportunity by planning for too few homes, with potentially serious, damaging and longstanding consequences for Greater Manchester.

Draft GMSF is based on an assumed rate of employment growth of 0.7% per annum based on a forecasting model. This forecast rate of growth remains insufficiently ambitious in the context of the local and national aspirations for the role of Greater Manchester in the Northern Powerhouse. This is because the AGS fails to take adequate account of GM's strengths; the "*game changing*" sectors that can deliver rapid growth; or of the unprecedented planned investment that Government is making, in particular in transport infrastructure.

The 0.7% annual average employment growth also compares unfavourably when set alongside recent rates of growth in comparator cities reflective of Greater Manchester's ambitions and the latest growth in England's largest city regions.

At a time when the objective is to see Greater Manchester performing to "*its maximum*", and there is major investment in transport infrastructure, it is illogical for Draft GMSF to be based on weaker jobs growth than its own recent past and comparable areas. It is contrary to Greater Manchester's own stated objectives and the Government's aim to rebalance the UK economy and create a Northern Powerhouse, alongside significant investments being made in infrastructure, skills and education.

If GMSF was to plan more positively, at a level that reflects its likely growth in jobs at around 1% per annum, a housing requirement of around 16,000 would be needed (see appended report produced by leading Manchester planners NLP). This is significantly higher than the 11,360 proposed by the Draft GMSF and raises fundamental issues of housing land supply.

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<sup>1</sup> See for example – Cities Outlook 2014. Centre for Cities (2014)

<sup>2</sup> Joint foreword to the Northern Powerhouse: One Agenda; One Economy; One North by Patrick McLoughlin MP and Sir Richard Leese. HM Government and Transport for the North. March 2015

<sup>3</sup> The Northern Powerhouse: One Agenda; One Economy; One North: HM Government and Transport for the North. March 2015 – page 4

<sup>4</sup> The Northern Powerhouse: One Agenda; One Economy; One North: HM Government and Transport for the North. March 2015 – page 4

### 3. Mismatch between homes and jobs

Draft GMSF fails to make an upward adjustment of housing provision to match planned employment growth. This directly contradicts Government's policy to ensure that their *"strategies for housing, employment and other uses are integrated"*<sup>5</sup>. There is a major mismatch between the future population and the future economy that GMSF plans for, compounded by the low rate of assumed job growth.

HtP supports programmes to ensure that residents of Greater Manchester benefit fully from economic growth including measures to reduce unemployment across the city region. However, assumptions made regarding the amount, type, and timescales of the jobs that the resident population can fill are over-optimistic and jeopardise plans to attract investment in high skills, high growth sectors in the meantime. Conversely, GMSF underprovides for housing the skilled workers that Greater Manchester will need to attract and retain if it is to deliver the type and level of economic growth it is itself projecting.

The Draft GMSF takes a positive approach to planning for industrial and warehousing land, by ensuring a range of choice of sites is available to the market. This is a welcome approach and reflects a need for flexibility, but it sits in stark contrast to the approach taken to housing provision and reinforces the internal inconsistency within the GMSF.

### 4. Falling short of "objectively assessing housing need"

The Draft GMSF falls short of meeting national policy, practice and case law on housing needs, by failing to *"boost significantly the supply of housing"* and to *"meet the full objectively assessed needs (OAN) for market and affordable housing"*<sup>6</sup>.

National guidance makes clear that household projections are only the starting point for assessing housing needs. Greater Manchester proposes to adopt an OAN which is effectively no more than this starting point, ignoring several important steps in the established methodology.

A full calculation of OAN involves a staged approach in which a series of upward adjustments are applied to the *"starting point"* to reflect factors which have suppressed household formation in recent years, such as a long-standing under-supply of housing in the case of Greater Manchester. Whilst Greater Manchester's approach recognises the need to adjust household formation rates, it does not adequately address evidence of worsening *"market signals"* despite the average price of a home in some parts of the conurbation being almost nine times higher than the average salary, house price rises in many parts of GM being above the UK average, and a growing number of *"overcrowded"* households.

The Local Plan Expert Group (LPEG) has made detailed recommendations concerning an alternative means to assess OAN. Greater Manchester's assessment using this methodology indicates a minimum OAN of around 13,000 homes per annum. This is over 1,600 more homes per annum (and over 32,000 homes over the plan period) above the OAN GM proposes to adopt.

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<sup>5</sup> NPPF - Paragraph 158

<sup>6</sup> NPPF – Paragraph 47

The planned level of housing – 11,360 homes a year – is insufficient to address long-standing issues of historic under-supply, let alone the needs which will arise in future years as the workforce grows. Planning at this level will exacerbate the current shortage of land, deepen the housing crisis, fuel affordability problems and constrain economic growth prospects and social mobility. This level of growth will perpetuate and exacerbate the housing crisis in the city. As it stands the GMSF risks Greater Manchester failing to build on the successes of recent years and falling behind other Northern Powerhouse cities.

## **5. Side-stepping affordable housing need**

Greater Manchester is taking a lead on developing new delivery models and funding initiatives for affordable housing. Despite this, there will remain a significant unmet need for affordable homes across Greater Manchester. The GMSF evidence effectively side-steps this issue.

The GMSF states that it will “...*increase the supply...*” of affordable homes, with targets for delivery to be established at the local level by individual Local Plans. However, the proposed GMSF housing requirement makes no allowance for affordable needs to enable them to do so. The number of affordable homes as identified by the SHMA required across GM – 4,793 homes – represents 42% of the proposed housing requirement. Establishing affordable housing targets at this level would present a significant viability obstacle to delivery, particularly given that many of the sites in the existing supply are at the margin of viability or are in areas where affordable housing is not deliverable.

Unless addressed this will further reduce the housing options available to a growing number of households who are unable to access market housing that meets their needs, either because they cannot afford to buy or there is inadequate new affordable housing coming forward. This is likely to lead to even more families joining housing waiting lists and will do nothing to ease pressures that are adding to Greater Manchester’s homelessness and overcrowding problems.

## **6. Inadequate provision of larger family homes**

The Draft GMSF takes a positive approach towards apartment development which makes up nearly half of the future housing provision, in particular around the city centres of Manchester and Salford. Further growing the supply of this aspect of GM’s housing offer is supported but it must be recognised that it will provide types of homes that meet the needs of only a relatively small number of households.

The GMSF does not adequately provide for the wider range of housing needed, in particular good quality and larger family homes in popular neighbourhoods. It suggests that most future housing need can be met with smaller homes and apartments. This ignores well-established evidence<sup>7</sup> that addressing the limitations of Greater Manchester’s housing stock by providing more family and aspirational homes is essential if Greater Manchester is to retain and attract more of the talented people who are critical to a successful and growing economy.

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<sup>7</sup> For example in the Manchester Independent Economic Review

The continued failure to provide enough good quality family housing within Greater Manchester means that families are forced to move outside Greater Manchester and commute further. This effectively means that the positive social and economic benefits of those households are lost to Greater Manchester while commuting and congestion dis-benefits remain.

## **7. Concerns over the approach to infrastructure**

HtP recognises that growth must be supported by appropriate infrastructure. New housing development commonly delivers investment in strengthening utilities, public transport, education and health capacity, public open space and a range of other community facilities. Where appropriate it will also deliver affordable homes, and can contribute to transport infrastructure. Often, there is balance between existing infrastructure issues and the impacts of development which result in a partnership approach to funding between the public and private sector to ensure sustainable development.

In contrast the Draft GMSF (Policy GM1 and its Reasoned Justification) states that all infrastructure needed for newly allocated sites must be funded by the developments on those sites, except in the most exceptional circumstances. This approach appears to go well beyond current legislative and policy requirements and raises significant concerns. The GMSF is silent about how existing and future growth pressures across the city region will contribute to its cost and the approach appears inconsistent with Greater Manchester's own transport strategies. It raises the potential of Greater Manchester CIL without confirmation of its scope or details of how it would operate.

Evidence of development viability and infrastructure requirements is yet to be assembled in line with national policy, regulations and case law. HtP wishes to engage in this process to ensure that GMSF benefits from industry evidence and is deliverable.

## **8. Concerns over how GMSF is being prepared**

At each of the earlier stages of GMSF over the past two years, HtP and its members have acted as a critical friend by providing detailed critiques of the housing and economic evidence and alternative assessments of what the OAN should be, prepared by several leading planning and economic practices who are extensively involved in plan-making across the UK on behalf of both local authorities and the private sector.

The Draft GMSF departs from these submissions and proposes an approach to Greater Manchester that involves selective use of assumptions and methodology, which serves to suppress development needs. This approach falls short of the benchmark established by case law, national policy and guidance which is being applied across the country. It will reinforce trends that have led to the housing crisis. As the first statutory city-region devolution plan of its type this is a major concern.

Draft GMSF has not yet been subject to proper scrutiny. HtP is concerned that when it is, through Examination in Public, aspects of GMSF around housing provision are likely to be found 'unsound' which will lead to protracted delays whilst further evidence is prepared and modifications are made to the plan. This would delay and frustrate ambitions for economic growth and a rebalancing of the economy.

## **9. Greater ambition and engagement**

The vision of GMSF is ambitious. HtP supports it. However, the Draft GMSF falls significantly short of this vision by proposing 11,360 new homes per annum. In accordance with the Government's own policies and methodology the OAN should be at least 13,000 per annum. To match its economic objectives and potential, a figure closer to c.16,000 homes per annum should be incorporated at the heart of the GMSF to support the Northern Powerhouse's growth aspirations. This would support an additional £13 billion of capital investment; 14,550 more FTE direct construction jobs; 12,700 additional local jobs supported from the additional expenditure of new residents; over £1 billion more in New Homes Bonus and £157 million additional Council Tax receipts annually<sup>8</sup>.

Greater Manchester currently receives c.£5 billion more in public funding than it contributes to the Exchequer. One of the objectives of the Devolution Agreement is to make Greater Manchester a net contributor. Ensuring a thriving economy and growing the resident population of GM are fundamental requirements of such a strategy. The GMSF's failure to adopt sufficiently ambitious economic growth targets and to meet its full range of housing needs mean that Greater Manchester is likely to remain a net recipient of public funds for the foreseeable future.

Greater engagement with industry is required, in particular to address the substantive concerns being expressed across industry, but also to understand market demand and housing delivery issues, and to work jointly on evidence around infrastructure and phasing. Furthermore, improved engagement is needed with the wider business community through the GMSF on issues relating to the planning system, potential Green Belt release and how housing impacts on investment and business growth.

## **10. Beyond the starting point**

Addressing the limitations of Greater Manchester's housing stock by providing more family homes is essential if we are to retain and attract more of the skilled labour force that will drive the Northern Powerhouse economy. Given the scale of the issue and the need for new homes in a variety of locations across the conurbation, there will be a need for Green Belt release. A failure to do this risks reduced levels of inward investment, increased net-in commuting and worsening congestion.

GMSF itself recognises that land within the urban area cannot on its own meet future development needs and that a review of the Green Belt is needed. This is a positive recognition of the need for managed urban growth by GMCA. The Draft GMSF is very much a starting point that needs further progression in respect of housing. The principles needed to meet the full housing need are indeed already embedded within the Draft GMSF itself; a strategic review of Green Belt and the existence of 'exceptional circumstances'; the sustainable development of land at the urban edge that is not environmentally sensitive; improvements to the remaining undeveloped Green Belt land for public access, recreation, landscape and nature conservation and sustainable agriculture. The question is therefore not one of principle but one of extent. In that context, it would be a great shame if the GMSF were to fall short when in so many ways it has the right answer.

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<sup>8</sup> NLP report (April 2016). Greater Manchester; The Engine Driving the Powerhouse?

## Summary – What needs to change

In summary, the Housing the Powerhouse is wholly supportive of the desire to bring sustained growth and prosperity to Greater Manchester through the development of a comprehensive spatial framework that will drive development up to 2035. However, we are concerned that the current trajectory of the GMSF does not realise the wider ambition of the GMCA to make Greater Manchester one of Europe's most competitive city regions. Greater Manchester can lead the way as it has in the past, but the emerging GMSF risks missing this opportunity by pursuing conservative levels of housing and employment growth which fail to capitalise on its recent strong levels of growth and fails to recognise and facilitate the growth potential of GM.

Developers need to be confident that the GMSF will facilitate growth over the long term, and be provided with a sufficiently ambitious plan that encourages investment decisions to be made that will allow Greater Manchester to compete in the global marketplace. Strong leadership and increased devolved powers mean that Greater Manchester is very well placed to take the positive steps needed for sustainable growth as it has in the recent past. The emerging GMSF must better reflect these opportunities and ensure that the gap between the ambitious rhetoric of devolution and the reality of the under-whelming housing and economic growth targets are reconciled.

There is a clear strategic disconnect between the Northern Powerhouse growth ambitions and the suppressed housing and economic analysis at the heart of the emerging GMSF. If Greater Manchester is to underpin the Northern Powerhouse, driving growth and reducing national inequalities as envisaged by Government, the GMSF must be more pro-active in supporting economic growth and provide a clear vision for boosting housing provision to service a new, highly-skilled workforce.

As a development industry with decades of collective experience in planning development in Greater Manchester, we propose three main steps that can turn the GMSF into a motor of ambition and opportunity, to ensure that Greater Manchester truly becomes the engine of the Northern Powerhouse:

- **Be ambitious for job growth:** Plan for an increased rate in jobs growth to allow Greater Manchester to punch its economic weight.
  - A 1% jobs growth rate aspiration at the heart of the GMSF would establish a positive but deliverable level of economic growth. This achievable level of jobs growth represents a level of jobs growth which would see GM leading the Northern Powerhouse, working towards the re-balancing of the economy, and being competitive for business and talent in the global marketplace;
  - This rate of growth does not appear unreasonable. For context, over the period 2011 to 2015 Greater Manchester's employment growth was among the fastest of the Northern Powerhouse city regions, averaging 1.17% per year. In the last year alone (2015) Greater Manchester's employment growth was 2.2%.<sup>9</sup>
  
- **Match jobs and homes:** Adjust the number of homes needed to match planned job growth, so working people and their families have somewhere to live.

- The housing requirement needs to be increased substantially to reflect the evidence base, and the ambitions of the city region; whilst aligning housing growth with jobs growth, so working people and their families have somewhere to live.
- For Greater Manchester to compete globally, we must also attract significant levels of highly skilled individuals. Whilst improvements in local education provision will be a long-term action to address the skills crisis in Greater Manchester, in the meantime the city region must provide enough good quality, aspirational family housing to ensure that highly skilled individuals choose to live in Greater Manchester to ensure that the conurbation maintains its competitive edge;
- **Assess affordability:** Adjust the assessment of housing need to take into account the historic shortage of homes, rocketing house prices and increasing waiting list for affordable homes.
  - To sustain economic growth and avoid high levels of unsustainable long distance commuting, there is a need for comprehensive housebuilding programmes. The evidence suggests that housebuilding levels in Greater Manchester have fallen well below the level needed since the recession. This needs to be addressed as soon as possible.

Our concerns are not one of principle, but rather of scale; yet still they are significant enough to make us nervous that the GMSF may be found 'unsound', which in turn would delay and frustrate ambitions for economic growth and a rebalancing of the economy.

We have already seen other local authorities running into delays of several years for very similar reasons. Greater Manchester cannot afford for this to happen here.

We encourage local leaders to take these positive steps towards a sound GMSF that will give the Greater Manchester economy, and its residents, the living space needed to reach their mighty potential.

Yours sincerely,

Housing the Powerhouse Steering Group